



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Washington State Auditor's Office

Senate Accountability and Reform Committee

April 1, 2015

Barb Hinton, Deputy Director of Quality Assurance

Jan Jutte, CPA, Director of Operations

Representing the Auditor's Office

- Jan Jutte, CPA, Director of Operations
 - ❑ 30 years service in the State Auditor's Office under three State Auditors
 - ❑ Have worked in all areas of audit, training, and quality assurance
 - ❑ Was Ethics Officer for the Office for about 20 years
 - ❑ Developed the Office's ethics training program, which is approved by the State Board of Accountancy
 - ❑ Participated in the National State Auditor's Association peer review program for about 20 years
 - ❑ Speaker for the Open Government Training classes presented to local governments

Representing the Auditor's Office

- Barb Hinton, Deputy Director for Quality Assurance
 - ❑ Joined the Office as Deputy Director of Performance Audit in 2010; appointed to Quality Assurance in 2013
 - ❑ 37 years in government auditing, including 20 years as Kansas State Auditor
 - ❑ Past-President of the National State Auditors Association
 - ❑ Developed quality assurance peer review program used by state agencies nationwide
 - ❑ Three year term on the federal Comptroller General's Government Auditing Standards Advisory Council on auditing and independence

Integrity and Ethical Standards

Government auditing standards establish ethical principles for government audit organizations:

- Public interest
- Integrity
- Objectivity
- Proper use of government information, resources and positions
- Professional behavior

Audit standards and Washington state law require audit organizations to maintain independence in fact and appearance.

Integrity and Ethical Standards

The State Auditor's Office policies incorporate these principles and requirements.

Our policies are developed and maintained by Quality Assurance staff with expertise in all audit areas.

Approved and put into place by Office Directors and Deputy Directors responsible for the management and oversight of all audit staff.

Integrity and Ethical Standards

Standards also require audit organizations to establish and maintain an effective system of quality control to ensure adherence to audit standards and policies.

As in other states, Washington's State Auditor has approved our system of quality control, and made senior management responsible for putting them into practice.

As a check and balance on our profession, audit standards require us to have an independent, **internal** quality monitoring function, and an **external** peer review once every three years.

Work of the Office

The State Auditor's
Office staff conducted
2013 = 1,314
2014 = 1,391
local government
audits annually

Reports issued by type of audit		
	2014	2013
Accountability	1,321	1,196
Financial & Federal	450	466
Financial	407	398
Special	46	21
Investigations	13	14
Total:	2,237	2,095

- Published 10 performance audit reports in 2014, and 7 reports in 2013
- Published the statewide Comprehensive Annual Financial Report (CAFR) and the State of Washington Single Audit Report (SWSA) in 2013 and 2014
- Two Accountability audits in 2013 and 29 in 2014
- Energy Independence Act: Completed 8 of the 2012-2013 conservation audits; completed 10 of the 2013 renewable energy audits

Outreach Activities

Our Office performs extensive educational outreach, including:

- Trainings conducted with Washington Finance Officers Association
- Eight Open Government & Transparency trainings to date
- Involved with 20+ key local government associations
- Participates in activities with Pacific Northwest Intergovernmental Audit Forum and National Association of State Auditors, Comptrollers and Treasurers

Fraud Prevention Activities

We also conduct training that specifically serve local governments. In 2014, we conducted 55 trainings addressing:

- internal controls
- compliance
- fraud prevention
- ethics
- Budget, Accounting, Reporting Systems (BARS)

Frauds Investigated and Reported

Year	Cases	Amounts
1987	32	\$388,936
1988	26	\$451,122
1989	31	\$358,654
1990	15	\$120,121
1991	15	\$264,027
1992	20	\$226,629
1993	18	\$642,439
1994	30	\$903,304
1995	37	\$689,080
1996	48	\$958,805
1997	33	\$1,540,368
1998	31	\$597,479
1999	42	\$1,047,113
2000	30	\$167,363

Year	Cases	Amounts
2001	68	\$484,060
2002	56	\$1,122,328
2003	62	\$2,253,394
2004	47	\$331,803
2005	57	\$258,960
2006	33	\$611,711
2007	24	\$1,722,207
2008	35	\$548,855
2009	53	\$2,055,775
2010	75	\$1,864,652
2011	50	\$1,352,396
2012	64	\$3,490,235
2013	59	\$1,021,759
2014	59	\$797,302
Totals	1150	\$26,270,877

Whistleblower Program

The Whistleblower Act provides an avenue for state employees to report suspected improper governmental actions.

In 2013:

- Received 146 assertions; opened cases on 18.
- Of the 18, issued reports on 15. In 8 cases, we found reasonable cause to believe an employee had engaged in such actions.

In 2014:

- Received 224 assertions; opened cases on 47.
- Published 25 whistleblower reports. In 14 cases, found reasonable cause to believe an employee had engaged in such actions.

Contacts

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